



# POSTAL NEWS

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## **POSTMASTER GENERAL ISSUES CALL FOR NEW POSTAL SERVICE**

New Orleans, LA – During the opening session of one of the premier gatherings of business mailers, mailing industry leaders and postal managers – the National Postal Forum – Postmaster General John E. Potter told the thousands of attendees in the audience, “Now is the time to revitalize the mailing industry. Now is the time for us to modernize the Postal Service. And now is the time for us to work together to make the most of a long period of postage rates stability.”

Potter commended those in attendance for their part in the recent passage of legislation that will reduce the Postal Service’s Civil Service retirement payment by more than two (2) and a half billion dollars a year. The Postal Service will use the money that had been budgeted for the payments to pay down the organization’s debt, and hold postage rates steady until 2006. “This is great news for America and for the mailing industry – stable rates until 2006,” Potter told the jubilant crowd. “We can put talk about rate increases aside and focus on what we all need to do to recover from the recession and grow the business.”

Outlining the progress made to the Postal Service’s Transformation Plan (the agency’s blueprint for the future) Potter said the Postal Service is well on its way to realizing commitments in the plan to create growth through added value; to improve operational efficiency; and to enhance a performance based culture.

“We have made good on our promise,” Potter told the audience. “Service is an all-time high – First-Class Mail hit 95% and we are providing better, more reliable service on every class of mail. We are well on our way at taking \$5 billion out of our costs by 2006. For the first time in 31 years, our operating expenses were less than the previous year. We ended 2002 at \$2.5 billion below our original plan. And this year, 2003, we’ll end the year with a net income. Our productivity has climbed for the third straight year.”

Potter told the group the Postal Service has also focused on innovation to make changes within the limitations of current legislation – from new and enhanced technologies that enable postal customers to track their mailings, to increased customer access and convenience through initiatives like the Services' recent partnership with Hallmark.

In answering the question – where does the Postal Service go from here – Chairman of the Postal Board, David Fineman, said that every postal governor is delighted that the Postal Service will be able to hold rates steady – but that the “status quo is not acceptable.”

Echoing Fineman's comments, Potter acknowledged that the Postal Service still faces stiff challenges in the years ahead. “We still face an uncertain economy, stiff competition, and the reality of electronic diversion. The reality is that we have an old business model that is flawed, and that won't serve us much longer,” said Potter.

Joining Potter were Peter Fisher, U.S. Treasury Department Under Secretary for Domestic Finance and named by President Bush to coordinate the formation of a Commission to address key public policy issues and to make recommendations to the President about the long term future of the Postal Service; and James Johnson, co-chair of the Presidential Commission.

Johnson told the mailers and postal managers, the Commission recognizes the extraordinary challenges the Postal Service and the mailing industry face and that what was good enough in the past will not be good enough for the future. Although not wanting to foreshadow the Commission's report due in July, Johnson did say the Commission was looking to integrate the essential elements of universal service with those of a world class organization and move the blockage that keeps the Postal Service from being as innovative as it could be.